



# Abbreviated accounts AgReserves Limited

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For the Year Ended 31 December 2010

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COMPANIES HOUSE

Company No. 2947030

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## Report of the directors

The directors present their report and the abbreviated accounts of the company for the year ended 31 December 2010

### **Principal activities and business review**

The principal activity of the company during the year was that of arable farming

### **Business review**

The company continues to pursue the goals laid out in the business plan, which include improving yields of the various crops by best practice methods, and reducing costs using economies of scale wherever possible and by strict numerical comparisons and control. Improving present holdings and areas of focus are under constant review. The policies set out by the Board are implemented by the Finance department which is closely supervised in this respect. The Company is exposed to various risks as defined below

#### **Price risk**

As part of the nature of agriculture we are subject to price variations, but look actively to manage this risk by taking advantage of future contracts where appropriate while maintaining some inventory to allow us to benefit from price rises, and ensuring good storage facilities to benefit when prices drop and we need to hold on to stock

#### **Credit risk**

In view of the present economic downturn the company is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk

#### **Liquidity risk**

The directors actively monitor the company's debt finance in order to ensure that it has sufficient available funds for current and planned future operations

#### **Interest/currency rate risks**

With the present banking interest rates being so low there is a risk that the company does not make the best use of surplus cash and therefore every effort is being made to review all options that would bring the highest rates possible. Forward dealing facilities are also being explored in regards to foreign currency accounts

#### **Key performance**

Monthly detailed reporting analysis is based on the company meeting agreed hurdle rates in regards to Return on Investment and Internal rate of return and then being accountable for variances by farm

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,416,513. The directors have not recommended a dividend

## Report of the directors (continued)

### **Directors**

The directors who served the company during the year were as follows

D M Sleight  
J R Larson  
C O Jones  
J L Knight

J L Knight was appointed as a director on 13 January 2010

C O Jones retired as a director on 13 January 2010

### **Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Report of the directors (continued)

### **Auditor**

M & A Partners resigned as auditors during the year and Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'J R Larson', with a long horizontal flourish extending to the right.

J R Larson  
Director  
23 September 2011



## Independent auditor's report to AgReserves Limited under section 449 of the Companies House 2006

We have examined the abbreviated accounts set out on pages 7 to 16 together with the financial statements of AgReserves Limited for the year ended 31 December 2010 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations under that section.

*Grant Thornton UK LLP*

Kathryn Godfree  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

*23 September 2011*

## Accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

### **Cash flow statement**

Under the provisions of Financial Reporting Standard 1 (revised) 'Cash Flow Statements', the company has not prepared a cash flow statement because its parent undertaking, The Church of Jesus Christ of Latter-day Saints (Welfare) Limited, has prepared consolidated financial statements which include the results of the company for the year and which are publicly available

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Single payment entitlements                      -                      Straight line over 3 years

### **Fixed assets**

All tangible and intangible fixed assets are initially recorded at cost

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & Machinery                                      -                      Straight line over 3 to 10 years

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

## Accounting policies (continued)

### **Pension costs**

The company is party to a defined benefit scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans. The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Pension costs are accounted for on the basis of contributions made in the year or accrued at the year end, on a defined contribution basis, as required by Financial Reporting Standard 17 'Retirement Benefits' in circumstances where the company is unable to identify its share of the underlying assets and liabilities of the scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### **Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

### **Single payment**

Single payments are receivable on an annual basis. The annual payment only becomes receivable once the occupation period has been completed. Once the occupation period is completed, the income is recognised pro-rata over the year.



## Abbreviated profit and loss account

	Note	2010 £	2009 £
Gross profit		5,086,564	4,533,690
Other operating charges	1	<u>3,171,935</u>	<u>2,938,669</u>
Operating profit	2	1,914,629	1,595,021
Interest receivable	5	46,473	17,574
Profit on ordinary activities before taxation		<u>1,961,102</u>	<u>1,612,595</u>
Tax on profit on ordinary activities	6	544,589	344,656
Profit for the financial year	16	<u>1,416,513</u>	<u>1,267,939</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

**The accompanying accounting policies and notes form part of these financial statements.**

## Abbreviated balance sheet

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	7	67,257	55,026
Tangible assets	8	2,351,049	2,199,415
Investments	9	5,176	5,176
		<u>2,423,482</u>	<u>2,259,617</u>
<b>Current assets</b>			
Stocks	10	6,478,344	5,681,617
Debtors	11	1,909,341	2,357,899
Cash at bank and in hand		5,068,606	4,202,112
		<u>13,456,291</u>	<u>12,241,628</u>
<b>Creditors amounts falling due within one year</b>	12	<u>4,034,365</u>	<u>4,119,743</u>
<b>Net current assets</b>		<u>9,421,926</u>	<u>8,121,885</u>
<b>Total assets less current liabilities</b>		<u>11,845,408</u>	<u>10,381,502</u>
<b>Provisions for liabilities</b>			
Deferred taxation	13	47,393	—
		<u>11,798,015</u>	<u>10,381,502</u>
<b>Capital and reserves</b>			
Called-up equity share capital	15	4,100,000	4,100,000
Other reserves	16	5,350,000	5,350,000
Profit and loss account	16	2,348,015	931,502
<b>Shareholders' funds</b>	16	<u>11,798,015</u>	<u>10,381,502</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Section 445 (3) of the Companies Act 2006

These financial statements were approved by the directors on 23 September 2011 are signed on their behalf by

  
J R Larson  
Director

Company Registration Number 2947030

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Other operating charges**

	2010	2009
	£	£
Administrative expenses	<u>3,171,935</u>	<u>2,938,669</u>

### **2 Operating profit**

Operating profit is stated after charging/(crediting)

	2010	2009
	£	£
Depreciation of owned fixed assets	622,695	636,095
Amortisation of intangible assets	33,628	-
Profit on disposal of fixed assets	(196,336)	(70,075)
Auditor's remuneration		
Audit fees	12,000	11,250
Net loss on foreign currency translation	<u>-</u>	<u>68,413</u>

### **3 Particulars of employees**

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	791,999	793,851
Social security costs	72,599	73,000
Other pension costs	173,317	129,294
	<u>1,037,915</u>	<u>996,145</u>

The average number of staff employed by the group during the financial year is

	2010	2009
	£	£
Production and administration	<u>25</u>	<u>28</u>

**4 Directors**

Remuneration in respect of directors was as follows

	2010 £	2009 £
Remuneration receivable	<u>36,989</u>	<u>15,851</u>

During the year, one director (2009 one) participated in respect of the defined benefit scheme

**5 Interest receivable**

	2010 £	2009 £
Bank interest receivable	<u>46,473</u>	<u>17,574</u>

**6 Taxation on profit on ordinary activities**

Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	510,214	344,656
Over provision in prior year	(13,018)	-
Total current tax	<u>497,196</u>	<u>344,656</u>
Deferred tax		
Origination and reversal of timing differences	47,393	-
Tax on profit on ordinary activities	<u>544,589</u>	<u>344,656</u>

**Factors effecting tax charge for the year**

The tax assessed for the year is lower than (2009 lower than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>1,961,102</u>	<u>1,612,595</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	549,108	451,527
Effects of:		
Expenses not deductible for tax purposes	13,420	11,548
Capital allowances for year in excess of depreciation	(56,302)	(34,882)
Rollover relief	-	(39,200)
Adjustment in respect of prior periods	(13,018)	-
Adjustment for FII income	(177)	(188)
Other timing differences	4,165	(44,149)
	<u>497,196</u>	<u>344,656</u>

**7 Intangible fixed assets**

	Single farm payment entitlements £
<b>Cost</b>	
At 1 January 2010	55,026
Additions	45,859
At 31 December 2010	<u>100,885</u>
<b>Amortisation</b>	
Charge for the year	33,628
At 31 December 2010	<u>33,628</u>
<b>Net book value</b>	
At 31 December 2010	<u>67,257</u>
At 31 December 2009	<u>55,026</u>

**8 Tangible fixed assets**

	Plant & Machinery £
<b>Cost</b>	
At 1 January 2010	6,637,389
Additions	881,803
Disposals	(629,158)
At 31 December 2010	<u>6,890,034</u>
<b>Depreciation</b>	
At 1 January 2010	4,437,974
Charge for the year	622,695
On disposals	(521,684)
At 31 December 2010	<u>4,538,985</u>
<b>Net book value</b>	
At 31 December 2010	<u>2,351,049</u>
At 31 December 2009	<u>2,199,415</u>

**9 Investments**

**Listed investments**

	£
<b>Cost</b>	
At 1 January 2010 and 31 December 2010	<u>5,176</u>
<b>Net book value</b>	
At 31 December 2010 and 31 December 2009	<u>5,176</u>

The market value of the listed investments at 31 December 2010 was £14,142 (2009 £12,110)

**10 Stocks**

	2010 £	2009 £
Cultivations	2,398,931	2,292,952
Crop in store	4,079,413	3,388,665
	<u>6,478,344</u>	<u>5,681,617</u>

**11 Debtors**

	2010 £	2009 £
Trade debtors	361,304	2,311,781
Amounts owed by group undertakings	-	3,948
Other debtors	1,548,037	42,170
	<u>1,909,341</u>	<u>2,357,899</u>

**12 Creditors: amounts falling due within one year**

	2010 £	2009 £
Trade creditors	-	126,863
Amounts owed to group undertakings	3,553,780	3,725,163
Corporation tax	356,613	187,171
Other taxation and social security	23,740	16,320
Other creditors	73,139	47,326
Accruals and deferred income	27,093	16,900
	<u>4,034,365</u>	<u>4,119,743</u>

**13 Deferred taxation**

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
Profit and loss account movement arising during the year	47,393	-
Provision carried forward	<u>47,393</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Accelerated capital allowances	<u>47,393</u>	<u>-</u>

**14 Related party transactions**

During the normal courses of business, the company carried out arm's length transactions with various related parties, as follows

The Church of Jesus Christ of Latter-day Saints (Welfare) Limited which, under the name of England Farm Properties (the immediate parent company), is the company's landlord,

	2010 £	2009 £
Rent Payable	1,127,997	1,156,626
Management fees receivable	100,000	124,599
Creditor balance as at 31 December	<u>(3,553,780)</u>	<u>(3,725,163)</u>

Anderson Farm (Buckworth) Limited, a company also controlled by The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited

	2010 £	2009 £
Rent payable	21,509	9,436
Debtor balance as at 31 December	<u>-</u>	<u>3,948</u>

**15 Share capital**

Authorised share capital:

	2010 £	2009 £
4,100,000 Ordinary shares of £1 each	<u>4,100,000</u>	<u>4,100,000</u>

Allotted, called up and fully paid:

	2010		2009	
	No	£	No	£
4,100,000 Ordinary shares of £1 each	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,100,000</u>	<u>4,100,000</u>

**16 Reconciliation of shareholders' funds and movement on reserves**

	Share capital £	Capital reserve £	Profit and loss account £	Total share- holders' funds £
At 1 January 2009	4,100,000	5,350,000	(336,437)	9,113,563
Profit for the year	-	-	1,267,939	1,267,939
At 31 December 2009 and 1 January 2010	4,100,000	5,350,000	931,502	10,381,502
Profit for the year	-	-	1,416,513	1,416,513
At 31 December 2010	<u>4,100,000</u>	<u>5,350,000</u>	<u>2,348,015</u>	<u>11,798,015</u>

**17 Pension commitments**

The company participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The scheme is of the defined benefit type and are funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosures of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The company has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the schemes for the year were £173,317 (2009 £129,294).

**18 Ultimate parent undertaking and controlling party**

The company is owned by The Church of Jesus Christ of Latter-day Saints (Welfare) Limited.

The ultimate holding company and controlling party is the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints, this company being incorporated in the state of Utah, United States of America.